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FEB 12 1964

# DENISON MINES

L I M I T E D



ANNUAL  
REPORT

# 1963







The President  
and Directors of  
DENISON MINES LIMITED  
are pleased to present  
the Annual Report to the Shareholders  
for the year  
ended December 31st

1963









# DENISON MINES LIMITED

✓ Elected  
Director

## Officers

STEPHEN B. ROMAN, K.C.S.G. <i>President</i>	A. W. STOLLERY, B.Sc. <i>Vice-President</i>
JOHN KOSTUIK, B.Sc. <i>Vice-President and General Manager</i>	THE HONOURABLE HARRY A. WILLIS, Q.C. <i>Vice-President</i>
JOHN C. PUHKY <i>Secretary-Treasurer</i>	E. B. MCCONKEY, C.A. <i>Asst. Secretary-Treasurer</i>

## Directors

J. WILSON BERRY	✓ LOUIS R. PERINI
THE HON. GEORGE A. DREW, P.C., Q.C., LL.D.	JOHN C. PUHKY
✓ F. H. JOWSEY	STEPHEN B. ROMAN, K.C.S.G.
✓ GEO. C. KNOWLES	A. W. STOLLERY, B.Sc.
✓ JOHN KOSTUIK, B.Sc.	THE HON. HARRY A. WILLIS, Q.C.
✓ B. E. WILLOUGHBY	

## Solicitors

FRASER, BEATTY, TUCKER, McINTOSH & STEWART  
Toronto, Ontario

## Auditors

EDDIS & ASSOCIATES  
Toronto, Ontario

## Bankers

THE ROYAL BANK OF CANADA  
Toronto, Ontario

## Registrar and Transfer Agent

GUARANTY TRUST COMPANY OF CANADA  
Toronto, Ontario  
Montreal, P.Q.

## Head Office

4 King Street West, Toronto, Ontario

## Mine Office

Elliot Lake, Ontario

## Financial Summary

Net Profit .....	\$ 9,404,166
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Working Capital .....	\$30,952,760
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Shareholders' Equity .....	\$60,428,602
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## Operating Summary

Pounds U <sub>3</sub> O <sub>8</sub> Produced .....	5,078,760
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Average Grade (Lbs. U <sub>3</sub> O <sub>8</sub> per ton) .....	3.34
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Percent Recovery .....	94.72
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## Equity Per Share

1959	1960	1961	1962	1963
\$6.91	\$9.26	\$11.30	\$12.53	\$13.50





## President's Report

### TO THE SHAREHOLDERS:

I am pleased to submit the Annual Report of your Company for the year ended December 31, 1963.

Management's efforts over the past years to diversify your Company's income base are beginning to yield significant results. Solid growth on a realistic basis has been achieved in Denison's diversification programme. At the same time, an all-out effort has been made to win maximum profit from the uranium operation at Elliot Lake.

Net profit amounted to \$9,400,000 or \$2.10 per share. These figures reflect the fact that uranium production for the United States contract was completed in November, 1962. In 1963 production was allocated to company stockpile, to the United Kingdom contract, and a Canadian Government stockpile. The price received for our uranium was considerably below the U.S. contract price. The effect of this factor on income is offset in part by an increase of over 40 percent in petroleum revenue during the period, and an increase of over 30 percent in revenue from investments.





Working capital at December 31, 1963 was \$30.9 million. The reduction of \$6.8 million from the previous year results from further diversification and additional investments, and from a reduction in long-term debt of \$2,269,000. Your Company paid a dividend of \$1.00 per share in 1963 for the fifth consecutive year, to bring the total payments to \$22,350,000 or \$5.00 per share.

A proposal by your Company sparked a Canadian Government stockpiling programme for uranium concentrate. Although the programme has extended production until July, 1964, it was a disappointment to your management that the Government did not see the advisability of supporting a full stockpiling programme in view of widely-expressed world interest in obtaining an assured source of uranium.

Almost \$900,000 in income was produced for your Company by the Petroleum Division this year. These excellent results were realized from an investment of \$6.5 million. Under the stimulation of the National Oil Policy we expect that our production and that of the entire industry will continue to increase. We feel that the Government should investigate the possibility of construction of an oil pipe line from Western Canada to Montreal. This would, we feel, result in increased production in Western Canada and a reduced outflow of foreign exchange.

This year your Company also increased its share interest in Lake Ontario Portland Cement Company Limited with the sale to Lake Ontario of our subsidiary, Premier Building Materials Limited, and our interest in Primeau Argo Block Company Limited. This consolidation will increase the efficiency and profitability of both companies and enable Denison to channel all of its activity in the construction materials industry through Lake Ontario Portland Cement Company Limited.

The cement company itself will have had an excellent year, with expanded sales and increased unit profits. These results tend to confirm the judgment of your management that Lake Ontario represents a growth company in a growth industry.

In our search for sound and profitable diversification, we have concentrated our time and efforts on a few unique and generally overlooked situations of substantial size where each

investment offered an opportunity for additional profits without undue risk to our original investment. One special situation that appealed to us after an exhaustive study was General Baking Company, the third largest commercial bread baker in the United States. With assets of over \$58,000,000, and sales of better than \$165,000,000 a year, here was a company, the stock of which was trading on the New York Stock Exchange at almost half its underlying value when we decided to make our first investment. During the year we became the largest single shareholder in this company.

From a net profit after taxes of \$2,756,000 in 1958, General Baking had gradually drifted into a loss of \$556,000 in 1961, only to show a partial recovery in 1962, when it reported a net profit of \$275,000. However, in the year just ended, which was the period in which Denison's management began to take an active part in General Baking's revitalization, the company has swung around to a profit which we estimate will exceed \$1,000,000 after taxes, or roughly four times the profit realized in 1962.

The relationship between the two companies is excellent. It is our feeling that within a year or two our investment will turn out to have been a most timely and profitable one.

We are greatly pleased with the success of the Exploration Division in outlining what appears to be a mineable base metal orebody on the Black Hawk Mining property at Blue Hill, Maine. The initiation of mine development should be announced soon. Several other exploration projects have been the subject of extensive work, the details of which are reported by the General Manager.

Other investments, including mortgage financing, were made by Denison or its subsidiaries in 1963 and others are currently under investigation. Company growth will go on as we continue our aggressive diversification.

Uranium production, however, is still our main business, and our vast uranium orebody is the Company's biggest asset. In fact, the substantial profit already realized from this asset is dwarfed by what lies ahead.

The recent pace of economic and technological development of power reactors underscores the rapid growth to be expected in uranium consumption. Less than a month ago a major United States utility announced a de-



cision to build a 600 megawatt nuclear power plant which is more than competitive with conventional power. In 1963, the Ontario Government unveiled plans for an 1,800 megawatt plant, an important and far-sighted development for Ontario, the world's storehouse of uranium.

There will be an inevitable landslide of nuclear plant construction once it is demonstrated that nuclear power is cheaper than conventional thermal power. Already, in the United States alone about \$1.2 billion has been invested by 127 investor-owned electric companies in 28 atomic power projects.

The generation of electricity is not the only use for nuclear power. Uranium will probably be the cheapest possible source of energy for the desalinization of sea water, a use which will generate tremendous additional demand. Furthermore, nuclear powered shipping is growing beyond all expectations. The value of civilian nuclear propulsion is just being recognized, and commercial shipping lines are now studying its potential. We expect that nuclear ships will become an important application of atomic power.

Our civilization now looks to the atom as the source of large amounts of energy. World attention is therefore focusing on the availability of uranium. It is significant that the Supply Agency of Euratom has recommended to its members that they assure themselves of a supply of uranium by purchasing reserves now at \$4.00 to \$5.00 per pound, in anticipation of prices of \$7.00 to \$8.00 per pound in the early 1970's. This independent authority obviously realizes that nuclear power is going to grow rapidly and places a high value on a uranium reserve.

Your Company's property will still have well over 300,000,000 pounds of uranium mineable at these prices when the current contracts have been fulfilled. Even using the lowest figure of \$4.00 per pound of uranium, your Company's orebody still indicates a gross value of WELL OVER ONE BILLION DOLLARS. This is an asset which must clearly be recognized as unique in the books of any company. It is this asset which has already produced \$22,350,000 in dividends for shareholders and \$60,429,000 in shareholders' equity. In the process some \$47.6 million has been paid out to employees in wages and salaries alone, and \$48 million

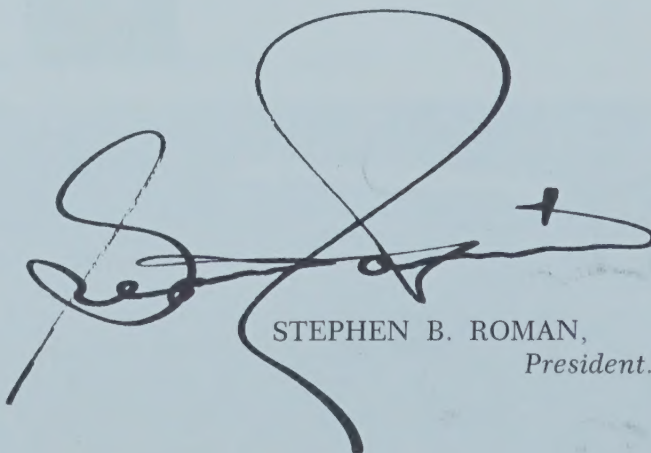
has been injected into the national economy for purchases of supplies.

As you have noticed over the years, our dividend policy has been liberal, but at the same time we have continued to increase the shareholders' equity from \$6.91 in 1959 to \$13.50 in 1963. These are conservative figures which do not take into account the value which potential purchasers have placed on some of our investments, nor do they include the tremendous value of the uranium orebody and its related \$45 million plant.

This progress would have been impossible without the loyalty and co-operation of our shareholders and employees. Indeed, it is the co-operation of all those concerned with your Company that continues to make it an excellent example of the individual's initiative at work in the free enterprise system. As active participants in this system, it is our responsibility to ensure the advancement and ultimate total victory of our free and democratic way of life. One of the aids we have to offer toward this goal is low-cost nuclear energy. By making this power available to the emerging nations we enable them to raise their own standards of living and become better and more responsible world citizens.

I wish to express my appreciation to all levels of management and our employees for their co-operation in making this another successful year.

On behalf of the Board of Directors,

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke ending in a small crossbar.

STEPHEN B. ROMAN,  
*President.*

Toronto, Ontario,  
January 10, 1964.





## General Manager's Summary of Operations

The President and Directors,  
Denison Mines Limited,  
4 King Street West,  
Toronto 1, Ontario.

Gentlemen:

This report reviewing the operation of the Uranium Division at Elliot Lake, Ontario, together with a summary of the Company's other Divisions and activities in 1963 is respectfully submitted for your consideration.



### Uranium Division

The production plan charted for 1963 was dictated by the economics imposed under the terms of the United Kingdom contract, tempered by consideration given to the welfare of the employees and the community, and to the future competitive position of the Company.

Operating conditions were satisfactory throughout the year. Selective mining, with intensive stress on grade control accompanied by an increase in metallurgical recovery to 94.72%, enabled the plant to produce 5,078,760





lbs.  $U_3O_8$  from a total of 1,586,600 tons treated. The tonnage decrease of 13.25% from the previous year is in accordance with a decision taken to treat a lesser tonnage at a higher operating efficiency.

The grade of ore mined continued the unbroken upward trend established in 1958. Since that year the average grade has increased from 2.46 lbs. of  $U_3O_8$  per ton to the new record established this year of 3.34 lbs. per ton.

The Denison mine operation, with its orebody, ranks among the world's giants, and is important not only to the national income but to the employment of the Elliot Lake area. To assist the mine to maintain employment, the Government of Canada has agreed to purchase from Denison for stockpile an amount of 400,000 lbs.  $U_3O_8$  per calendar month, days pro-rated, commencing December 8, 1963 and ending June 30, 1964 with a provision to accept

deliveries to September 30, 1964. The total amount is over 2,700,000 lbs.  $U_3O_8$  for which Denison Mines Limited will receive approximately \$12,000,000.

The availability of uranium on a world-wide basis has undergone re-appraisal in the last year. The productive life of the Australian mines is ending and only a small percentage of the limited South African production can be maintained at the price levels that are expected over the next 5 to 10 years. Further, it is believed that by 1970 only about 60,000 tons of recoverable uranium will remain of the known United States reserves. As a result, Canadian deposits are attaining greater strategic and economic importance. Your mine, with its immense reserves of  $U_3O_8$  mineable at expected future prices, continues to be the most significant asset of the Company. Mine development, therefore, will be continued and reserves of known grade will be maintained to meet any demand at any time.

Number Two Shaft Area and Grinding Plant at the Elliot Lake Operation.





## Petroleum and Natural Gas Division



Your Company's concentrated effort to increase revenue from this Division continued to show excellent results in fiscal 1963. Production and expansion continued with 4 new wells successfully completed, resulting in 3 oil wells and 1 gas well. This latter well is located in the Rigel gas field in the north-eastern part of British Columbia. The Company now owns disposable gas reserves estimated at 15 billion cubic feet, the sales of which are expected to commence early in 1964.

As manager of a joint operation on 9,690 acres of drilling reservation in the Edson area, Denison is now drilling a deep test exploratory well. Over the last two years very large gas reserves have been developed in this area and significant new oil discoveries have been made.

Gross oil production for 1963 totalled 484,950 barrels, an increase of 25% over the previous year. The status of your Company's reserves was up-graded during the year as a result of unitization. Gross proven oil reserves increased by 3,481,000 barrels to a total of 17,531,000, an increase of 25% over the previous year. Probable additional reserves now stand at 10,558,000 barrels.

Your Company now owns the following producing interests:

Field	Number of Wells	
	Primary Production	Under Pressure Maintenance
South Swan Hills Unit		4
Swan Hills Unit No. 1		2
Cardium Unit 8 . . . .		2
Judy Creek West . . . .		6
Swan Hills East . . . .		1.5
Pembina . . . . .	2	4
Gilby . . . . .	2	
Bigoray . . . . .	2	
Armisie . . . . .	2	
North Twining . . . .	2	
Leafland . . . . .	1	
Rigel Gas Field . . . .	1	
Stettler . . . . .	1	
	13	19.5
<b>TOTAL NO. OF WELLS</b>		<b>32.5</b>

Denison Mines Limited has investigated many oil and gas prospects during the year. The policy of expansion of the Oil Division is being aggressively continued.



# Lake Ontario Portland Cement Company Limited

Because of a change in year-end to January 31, the operating results of Lake Ontario Portland Cement Company Limited, in which Denison Mines Limited has a substantial interest, are not yet available for the current fiscal year. However, the net earnings to October 31, 1963, are well over the figure of \$730,000 for the similar period in 1962.

Lake Ontario's earnings in 1963 enabled the company to make a first payment on November 1, 1963, of 50¢ per share against the arrears of dividends on its Preferred Shares. In addition, on January 1, 1964, the company initiated a program for the regular payment of current preferred dividends together with further payments against the accumulated arrears of dividends.

Marketing efficiency is the key to profits in

Building Materials and Lake Ontario Portland Cement Company, but also increase your Company's equity percentage in Lake Ontario.

In settlement of the sale price of \$3,258,000 for Premier, Lake Ontario paid Denison \$1,086,100 in cash and issued a 6½% convertible note in the amount of \$2,171,900 due 1965 to 1969. The convertible note was subsequently refunded through the issue by Lake Ontario of 468,760 common shares to Denison (at an agreed price of \$2.50 per share) and the issue of a 5% note in the amount of \$1,000,000, also due 1965 to 1969.

Feasibility, engineering and design studies are under way on increased production capacity for the company at either Watertown, New York, or Picton, Ontario.



Twin 375 Foot Cement Kilns at Picton.



A 4½ cubic yard shovel operating in the lower quarry.

the cement industry. To facilitate and improve this function for Lake Ontario, Denison agreed to sell its subsidiary, Premier Building Materials Limited, to Lake Ontario. This move has a two-fold purpose. It will not only increase the efficiency and profitability of both Premier

The cement manufacturing plant in Picton, Ontario, operated at maximum capacity throughout 1963 and is expected to continue at full capacity in 1964. The 1964 outlook for Lake Ontario can therefore be considered excellent.



## General Baking Company

As mentioned in the President's Report, your Company has become the largest single shareholder in General Baking Company and is actively assisting in its revitalization.

General Baking Company, with Head Office in New York, was incorporated in 1911. The company owns and operates 48 plants and additional sales branches located in 29 states and the District of Columbia.

The company is organized into 4 divisions and one wholly-owned subsidiary. The Bond



Continuous Cooler, Philadelphia Doughnut Plant.

Northern, Bond Southern and Eddy-Bond divisions sell Bond Bread and baked products throughout the Northeast, Midwest, Southwest and Southern United States. The Van de Kamp's Holland Dutch Bakers division operates bakeries in Seattle and Los Angeles as well as a frozen food production plant, six restaurants and a commissary in Los Angeles, and Vernell-Thompson Candy Plant in Seattle. The wholly-owned subsidiary, Eddy Bakeries Company, Inc. sells Eddy bread throughout the Northwest.

Between 1948 and 1959 the company made

Spartanburg, South Carolina Plant.





a net profit ranging from a low of \$2,098,342 in 1959 to a high of \$4,694,363 in 1948. In no period between these years did the annual profit ever drop below \$2 million.

The company is being realigned through the present management along lines of greater profitability. Progressive policies covering new product developments, production and quality control, marketing, distribution, advertising, administration and finances have all been outlined and will be implemented throughout 1964. Renewed profitability of this new associated investment will give us a strong geographic and sales base of an international character that should prove very profitable to your Company.

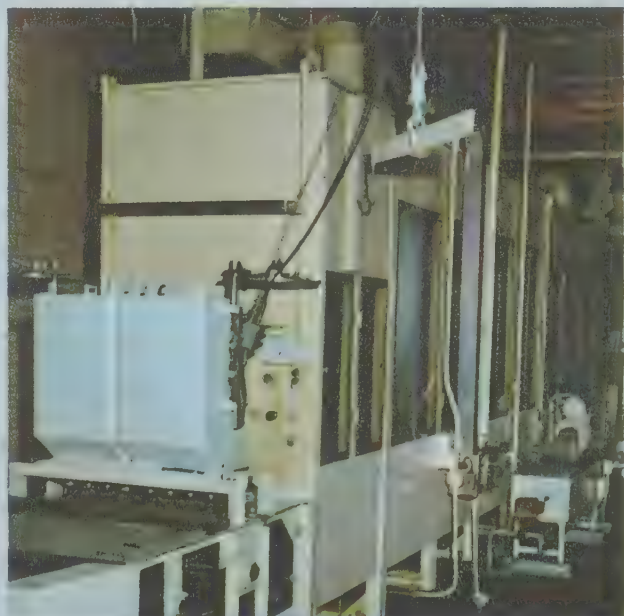
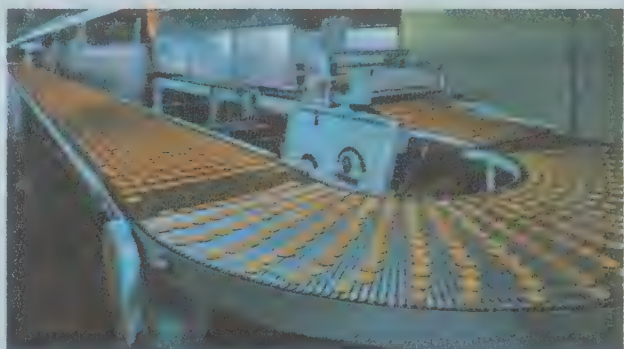
Denison Mines Limited has been actively interested during the last year in the challenges confronting General Baking Company. An active liaison has been established between your Company's management and the management of General Baking. It is this close co-operative effort between the two companies that allows us to judge the prospects of General Baking Company at all levels, and gives the management of your Company an optimistic view concerning the substantial profitability that is possible with this investment.

Although bread is the company's most important single product, other baked goods are also produced on a large scale at many of General Baking Company's plants.

Top: Los Angeles, California, Cake Plant.

Centre: Los Angeles, California, Cookie Plant.

Bottom: Doughnut Cutter and Fryer, Philadelphia Doughnut Plant.





## Exploration

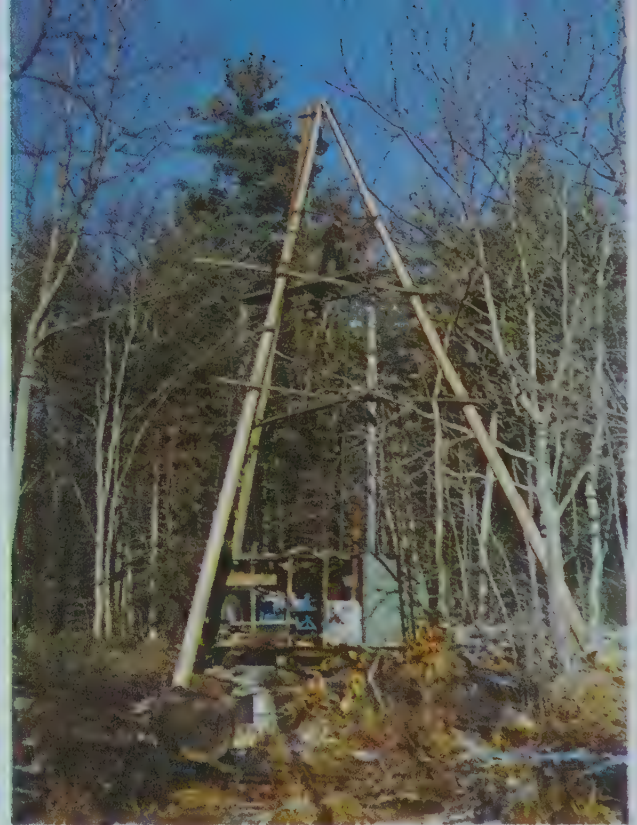


The Exploration Department of your Company pursues a policy of vigorous investigation on a world-wide basis by examining, staking and optioning of potential economic mineral deposits, both metallic and non-metallic, in Canada and other countries.

This policy was instrumental in the acquisition of an intriguing prospect in the State of Maine, U.S.A. It is a pleasure to report that a program of careful diamond drilling over the last year and a half has indicated what appears to be an economic series of sulphide base metal orebodies on this project. Preliminary studies indicate that a profitable mining operation should result.

One separate zone is indicated to contain approximately 910,000 tons grading 17.5% Zinc, 0.6% Copper and 0.35 oz. Silver. Copper deposits lying above and below this zinc zone are estimated to contain 1,867,700 tons grading 2.16% Copper, 0.50% Zinc and 0.50 oz. Silver. In addition, several holes intersected lead zones estimated to contain 295,000 tons assaying 8.3% Lead with 1.1% Copper, 4.1 oz. Silver and 0.07 oz. Gold. No allowance for dilution is included in these figures.

Detailed characteristics of the orebodies will be studied through a shaft and underground development on which a decision should be made early in 1964. Denison Mines Limited,



through the exercising of share purchase options, has effective control of Black Hawk Mining Limited.

A new field office has been opened in Maine to study additional leases recently acquired in the area. These have a record of mineral occurrence and require application of modern exploration techniques.

During the past year, exploration has been conducted on concessions held by Denison in Ireland. A series of geochemical anomalies has been located and these are being evaluated. An application is pending on a 12 square mile concession on the Silvermines Fault.

Head of the Lakes Iron Limited was re-organized to form Lakehead Mines Limited during the year. On the property at Marathon, Ontario, a series of 13 shallow diamond drill holes explored the area east of that formerly drilled. This showed no increase in the copper content, but it is hoped that deeper drilling and regional geophysical studies may locate copper concentrations on the property.



## Other Investments

Denison Mines Limited purchased Concord Finance Corporation Limited in 1963 to serve as a vehicle for mortgage financing of area growth. The policy will be to loan mortgage funds to attractive ventures in return for an equity position, thus obtaining both immediate income and growth potential.

By making mortgage funds available to International Airport Industrial Park Limited, Denison has obtained a 65% equity position therein. This company is developing an excellent industrial park of approximately 400 acres adjoining the rapidly developing Toronto International Airport.

By means of a similar financing agreement, Denison also has 50% ownership of a 400 acre tract of prime commercial-residential property north of Oakville, Ontario. Indications are that

the new city hall of this community will be built adjoining this property.

Midepsa Industries Limited has signed an agreement with Texada Mines Limited under which it will retain a 40% interest in the development of its large phosphate and potash properties in the Sechura desert of Peru. The new management has approached its planning for production with thoroughness and vigor. The enabling legislation which will govern the proposed operation of the Sechura properties has been enacted by the Peruvian government.

I take this opportunity to express my appreciation for the continued support of the President and the Board of Directors.

Respectfully submitted,

J. KOSTUIK,  
*Vice-President & General Manager.*

Toronto, Ontario,  
January 10, 1964.



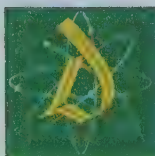
### DENISON EXECUTIVE STAFF

Seated: Stephen B. Roman,  
President.

Left to right: J. A. L. White,  
Mineral Economist; L. R. Mont-  
petit, Special Projects Manager;  
John Kostuik, Vice-President and  
General Manager; E. B. McCon-  
key, Comptroller and Assistant  
Secretary-Treasurer; J. C. Puhky,  
Secretary-Treasurer; G. R. Ball,  
Financial Analyst.



## Mine Manager's Report



The Vice-President & General Manager,  
Denison Mines Limited,  
4 King Street West,  
Toronto 1, Ontario.

The following report is a resumé of operations at the Denison Mines Limited Uranium Division at Elliot Lake, Ontario for the fiscal year ended December 31st, 1963.

The tonnage treated was reduced 13 percent from that of last year, while production of  $U_3O_8$  was increased 5 percent by mining selectively. Operating cost per ton of ore treated showed a slight reduction for the sixth consecutive full year of operation notwithstanding increased taxes, incremented cost of materials and equipment, and the scheduled reduction of tonnage processed.

### Mining

Mining was consolidated in three main working areas where the  $U_3O_8$  content of the ore was higher than the previous mine average. Most of the ore was extracted from areas north-east and south-west of No. 1 Shaft. The remainder was mined from the area south of No. 2 Shaft to the limits of the installed conveyor system. This has since been replaced by ore from the western and mid-shaft sections.

The development program to provide for a major north-south transportation axis some 3,000 feet to the east of the shafts was con-



tinued. In the north-east area a conveyorway to the north was extended an additional 264 feet and a ventilation drive was started to an island in Quirke Lake where a third opening to surface will be located. Developed reserves of readily accessible ore were maintained.

A total of 1,661,397 tons of ore and 36,545 tons of waste was broken during the year. The ore hoisted at No. 1 Shaft amounted to 1,356,601 tons with No. 2 Shaft accounting for the remaining 223,388 tons. The average grade of the ore mined was 3.34 pounds of  $U_3O_8$  per ton, which is a record for the operation to date. In order to maximize revenue and cope with the existing situation it was necessary to increase the cut-off grade, resulting in some areas being temporarily by-passed. Total heading advance was 44,882 lineal feet. The waste handled was either used to build up haulage-ways or was disposed of as backfill in worked-out rooms.

Automatic neutralization of the mine water before pumping to surface has been converted from lime to ammonia for better control and to effect savings in labor. The budgetary controls and performance standards which have been instituted are continuing to show their effect on our cost reduction program. The unit operating and maintenance cost on con-

Summary of Production	1960	1961	1962	1963
Tons ore broken .....	2,021,643	2,043,946	1,808,011	1,661,397
Tons milled .....	2,013,846*	2,033,483*	1,828,993*	1,586,600
Average tons milled per day ...	5,787	5,827	5,680	4,444
Percent recovery .....	93.04	93.18	93.11	94.72
Pounds $U_3O_8$ produced .....	4,911,761	5,379,168	4,844,259	5,078,760
Average pounds $U_3O_8$ per ton ..	2.70	2.85	2.88	3.34

\* Plant shut down for annual holiday.



veyor hauling was reduced by an additional 16 percent, while rockdrill maintenance showed a decline of 8 percent. Several other modest improvements have been noted in other functions performed.

### *Milling*

The tonnage treated was reduced to 1,586,600 dry tons but the ion exchange and precipitation areas were kept at plant capacity because of higher  $U_3O_8$  content in the ore. The tons milled per day was scheduled lower and averaged 4,444 tons per working day.

Recovery was increased to 94.72% as compared to the previous year's average of 93.11%. The improved extraction performance is credited to the better use of the automated acid, steam and chlorate controls as well as to the additional recycling of solution and pulp which became feasible with the lower input tonnage. Leach data are recorded on mechanically punched cards and are statistically analyzed in the tabulating department. The information compiled has led to improved grade of the final product to the highest economical percentage believed possible with the present circuit. Research work has been initiated and laboratory equipment purchased to carry out further tests to establish a flow sheet for the production of a reactor grade product.

The flow in the grinding plant has been made more flexible in that either, or both, rod mills can be used with any, or all, of the four pebble mills, resulting in a saving of 4 cents per ton in the consumption of grinding rods and a more efficient use of off-peak power.

### *Safety*

The emphasis on safe production was pursued through courses given to supervisors and by the introduction of the "Safety System" throughout the various phases of the operation. Changes were enacted in the Workmen's Compensation Act which make a comparison of statistics with previous years difficult. The injury frequency of 20.1 per million man hours

worked for the year was again the best in the area.

### *Employees and Community*

The harmonious relationship which had been established with the employees continued during the year. New two-year agreements were recently reached with the three union bargaining units which represent the employees. These agreements remain in effect to August 31, 1965.

Labor turnover for all departments was slightly higher at 5.6% as total employment was reduced by attrition to the requirements of decreased tonnage.

The Denison scholarships were awarded again this year to local High School graduates. The "Nucleus", the employee-oriented bi-monthly publication continues to hold the interest of all employees and the public at large.

### *Acknowledgments*

The accomplishments in keeping the operation competitive are in no small measure due to the efforts of the employees and the staff members under the able direction of the Department Heads. Special mention is due for Mr. Edward Futterer, Assistant Mine Manager; Mr. F. C. Lendrum, Mill Superintendent; Mr. R. E. Hamilton, Mine Superintendent; Mr. D. Laschuk, Chief Mine Engineer; Mr. E. W. Williams, Purchasing Agent; Mr. J. P. Reszel, Mine Accountant; Mr. N. E. Gillick, Master Mechanic; Mr. A. F. Russell, Electrical Superintendent; Mr. C. B. Banks, Personnel Manager; Mr. G. M. Bainbridge, Mine Geologist; and Mr. G. F. Napier, Safety Director.

The continued support, guidance and confidence of the Vice-President and General Manager are greatly appreciated.

Respectfully submitted,

M. J. de BASTIANI,

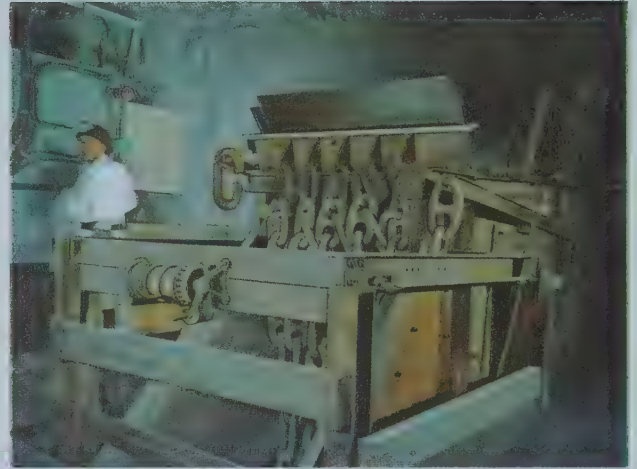
*Mine Manager.*

Elliot Lake, Ontario  
January 9, 1964





Truck dumping at conveyor loading point.



Conveyor transfer point.



Underground shop — rebuilding diesel unit.



Packing uranium oxide.



Quality Control Laboratory.



Extruder-type uranium oxide dryer.

# DENISON MINES LIMITED

AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1963

Profit before items shown below .....		\$ 9,167,350
Revenue from investments .....		1,209,614
		<hr/>
		10,376,964
DEDUCT:		
Interest on long term debt .....	\$ 172,390	
Directors' fees .....	28,125	
Provision for Ontario mining tax .....	195,000	395,515
		<hr/>
		9,981,449
Provision for depreciation and depletion .....		577,283
		<hr/>
Net profit for the year .....		\$ 9,404,166

## CONSOLIDATED STATEMENT OF EARNED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1963

Balance at January 1, 1963 .....		\$48,003,220
ADD:		
Net profit for the year .....	\$9,404,166	
Transfer of prior years' net operating costs of a subsidiary, since sold, to establishment costs applicable to its future operations .....	127,072	
Gain on disposal of a subsidiary, less excess of cost of shares of another subsidiary over their book value on acquisition .....	189,984	9,721,222
		<hr/>
		57,724,442
DEDUCT:		
Dividends paid .....	4,474,703	
Loss incurred by subsidiary housing company on disposal of fixed assets .....	644,287	
Bond issue and redemption expenses written off, less discount on bonds repurchased .....	241,686	5,360,676
		<hr/>
Balance at December 31, 1963 .....		\$52,363,766



CONSOLIDATED

# Balance Sheet

AS AT DECEMBER 31, NINETEEN HUNDRED AND SIXTY-THREE

## Assets

### CURRENT ASSETS

Cash in banks .....	\$ 1,743,256	
Short term notes — at cost .....	10,953,473	
Marketable securities — at or below cost (quoted market value \$4,185,594) .....	4,089,490	
Accounts receivable including concentrate settlements .....	3,515,067	
Concentrates produced for delivery under firm contract with Crown corporation — at net sales price .....	14,496,145	
Mortgages and other secured loans due within one year .....	280,345	\$35,077,776
<hr/>		
INVESTMENT IN SHARES OF OTHER COMPANIES, at cost, including shares costing \$12,538,447 with a quoted market value of \$11,646,703 .....		12,665,556
MORTGAGES AND OTHER SECURED LOANS, not including amounts due within one year .....		2,788,783
INVENTORIES including concentrates held for sale .....		3,940,119
LAND HELD FOR DEVELOPMENT — at cost .....		1,450,934
PROPERTY, PLANT AND EQUIPMENT at cost less accumulated depreciation and depletion of \$46,403,522 .....		9,236,528
PREPAID AND DEFERRED EXPENSES .....		91,410
		<hr/>
		<u>\$65,251,106</u>

Approved on behalf of the Board of Directors:

HARRY A. WILLIS, Director.

GEO. C. KNOWLES, Director.



# DENISON MINES LIMITED

AND ITS SUBSIDIARIES

## Liabilities

### CURRENT LIABILITIES

Accounts payable and accrued charges .....	\$ 2,160,926	
Unclaimed dividends .....	57,876	
General Mortgage Bonds, non-interest bearing, due April 15, 1964 .....	1,481,850	
First mortgages payable within one year .....	186,080	
Provision for Ontario mining tax .....	238,284	\$ 4,125,016

FIRST MORTGAGES PAYABLE, not including amounts due within one year .....	624,570
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UNEARNED MORTGAGE DISCOUNT .....	69,417
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MINORITY INTEREST IN A SUBSIDIARY COMPANY .....	3,501
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### SHAREHOLDERS' EQUITY

#### Capital stock

##### Authorized:

6,000,000 shares of \$1.00 par value each .....	<u>\$ 6,000,000</u>
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##### Issued and fully paid:

4,474,703 shares .....	\$ 4,474,703
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Earned surplus .....	52,363,766
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Contributed surplus .....	<u>3,590,133</u>	60,428,602
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	<u><u>\$65,251,106</u></u>
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The accompanying notes are an integral part of the Consolidated Financial Statements and should be read in conjunction therewith.

The Auditors' Report to the Shareholders is attached hereto.



# DENISON MINES LIMITED

AND ITS SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1963

### AUDITORS' REPORT

To the Shareholders,  
Denison Mines Limited:

We have examined the consolidated balance sheet of Denison Mines Limited and its subsidiaries as at December 31, 1963 and the consolidated statements of operations and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances, except for certain subsidiaries the accounts of which have been examined and reported on by other chartered accountants.

We report that, in our opinion, based on our examination and the reports of other chartered accountants referred to above, the accompanying financial statements present fairly the consolidated financial position of Denison Mines Limited and its subsidiaries as at December 31, 1963, and the consolidated results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

EDDIS & ASSOCIATES,

Chartered Accountants.

Toronto, Canada,  
January 10, 1964.

- 1 Included in this consolidation are the accounts of the company's subsidiaries as at December 31, 1963, and the results of their operations for the year ended on that date, except that the results of operations of subsidiaries acquired or disposed of during the year are included only for the respective control periods.
- 2 Inventories including concentrates held for sale are valued at cost except that supplies no longer required are at estimated realizable value.
- 3 Petroleum and natural gas lease acquisition costs and development expenditures are amortized on the unit of production method based on estimated reserves. Depreciation of other fixed assets of the company (except those assets located at the company's mine properties which were written off in prior years) and those of the subsidiaries is such as to allow for write-off over their estimated useful lives.
- 4 Provision for Ontario mining tax has been made in this and prior years in accordance with the basis on which the company was assessed for 1961 and prior years. It is possible that a reduction of such provision for tax may result from current procedures before the Ontario Municipal Board.
- 5 It is estimated that there is no liability for income taxes for the year because of deductions claimed for tax purposes.
- 6 The company is the defendant in an action in the Supreme Court of Ontario in which a royalty of \$750,000 is claimed under an agreement to which one of the companies which amalgamated as the company was a party. The company denies any liability in respect of this claim and is defending the action.





